

# FINANCIAL MANAGEMENT ADVISORY COMMITTEE MINUTES

July 1, 2009

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The Financial Management Advisory Committee met on Wednesday, July 1, 2009.

The following were in attendance:

<u>NAME</u>	<u>DEPARTMENT/DIVISION</u>
Stacey Jacobs	STC
Diane Riddle	MGC
Tracy Farris	SEMA
Roger Luebbert	Conservation
Mike Hancock	OSCA
Brian Dowden	OSCA
Don Dickey	Supreme Court
Brent Miller	Highway Patrol
Chris Laughlin	Highway Patrol
Shirley Gerling	DIFP – Insurance
Kathy Wehmeyer	DOLIR
Connie Clarkston	DIFP – PR
Sherry Hess	DIFP – PR
Jayne Masek	DOC
Cindy Luebbering	DNR
Doug Porting	SAO
Robin Renfrow	DIFP – Insurance
Renee Godsey	DHSS
Jennifer Hall	OA
Vandee DeVore	OA
Carol Willhite	DPS
Dennis Schmid	OA-ITSD
Mike Clark	DMH
Shari LePage	DESE
Andrea Beck	DESE
Robin Burkhart	DESE
Nicole Hackmann	STO
Sherry Reeves	DHE
Sarah Clardy	DESE – VR
Dan Redel	PSC
Julie Miller	MVC
Judy Gehrke	DED
Carol Newgaard	SAO
Lisa Hueste	MODOT
Stacy Neal	OA – Accounting
Valerie Jo Heet	SOS
Lori Hughes	SOS
Rebecca Imhoff	DOR
Theresa McDonald	DSS
Mark Kaiser	OA
Marty Drewel	OA
Dwayne Rasmussen	OA

## **Presentations:**

### O.A. Division of Budget and Planning:

Linda Luebbering, State Budget Director, presented information regarding the FY 2010 Operating Budget Summary and the FY 2011 Budget Process Information.

#### *Revenue:*

Ms. Luebbering reported state revenues are down and the end of the fiscal year total collections of -6.9% is worse than the -6.7% anticipated. A mid-year reduction estimate occurred as well as another reduction estimate in April. The transfer-in of the federal stabilization monies has also occurred. FY 2010 projections are estimating a -1% change, however, actuals may be worse than the estimate.

Ms. Luebbering reviewed with the group the Revenues and Spending Summary graph. It was stressed the need to bring the spending lines closer to the revenue lines for FY 2010 so that FY 2011 and FY 2012 will not be so bad. The graph did not reflect any expansion except for Medicaid and K-12 spending formula. It was also discussed that vetoes and expenditure restrictions were necessary to address revenue declines.

#### *Federal Budget Stabilization Funds:*

The federal budget stabilization monies cover a 27-month period ending December 2010.

There are 3 sources of stabilization:

1. Education (Fund: 2082 – 82%)  
Funding for this is largely located in the K-12 area with some in higher education. For FY 2011 and FY 2012, the determination will have to be made as to how to continue to support the programs funded by stabilization monies.
2. General Government Services (Fund: 2018 – 18%)  
Funding for this can be used for general purchases with spending being allowed on any government program. However, there are restrictions on what agencies report back.
3. Enhanced Medicaid - Matching Fund (Fund: 2000)  
This can be found throughout the budget. There has not been much guidance yet regarding reporting for this source. It is known that it will not be subject to as much data elements as others. Hopefully, more information will be available by the fall of 2011. This source is located largely in HB 22 and sprinkled in HB 1 - 13.

#### *Additional Information:*

The budget instructions will be mailed soon. Many important projects might be out there, however, new decision items must come with recommended budget reductions elsewhere as no additional monies are available. Any growth in revenue must go to fill in the holes.

## **Status Reports:**

### State Auditor's Office:

Doug Porting reported the following:

1. SAO will be starting their FY 2009 Single Audit work shortly, with some audits actually getting started in July. Agencies should expect to be getting requests to submit their Schedule of Expenditures of Federal Awards, probably at some point in July or early August. Agencies should start gathering that data as soon as possible.
2. Due to the expected number of additional programs that will need to be audited in 2010 because of new or additional funding provided by the ARRA (Stimulus Act), SAO will be auditing some additional programs this year that they would normally not have been auditing until next year. Thus some agencies will be seeing the SAO this year that may not have been expecting them. Doing some of those programs early will allow them to spread the workload over this year and next, rather than having a large spike next year.

3. As SAO is doing their Single Audit work this year, they will likely also be asking some questions and gathering some information regarding ARRA grants/funding that agencies have been allocated for FY 2010 or that they intend to apply for (in the case of discretionary grants). They plan to get a sense of the expected levels of funding and the plans that the agencies have to meet any new/additional requirements attached to the stimulus act funding.
4. There is also active discussion at the federal level of shortening the current 9-month deadline on performing and submitting the single audit down to 6 months after fiscal year end, and possibly down to as short as 3 months. It sounds possible that this could be in place as early as the end of fiscal 2010. Since the single audit is also linked to the CAFR audit, both of those would have to meet the deadline. This is not just an issue of completing the audit, but it would also have a significant impact on all agencies as the CAFR would need to be prepared much sooner, to allow time for the audit, SEFA schedules would need to be completed much sooner, and it is likely that the SAO would need to be in the agencies doing interim work before fiscal year end. SAO will keep following this discussion as it develops.

Accounting:

Stacy Neal reported that OA Accounting would be sending out a clarification memo regarding the use of sub-object codes in relation to the stabilization money.

Vandee DeVore reported that if agencies spend stabilization monies on personal service, they should contact Libby Farrell regarding setting up transfer lines for fringe benefits.

**Other:**

Budget Question:

The question was posed would any consideration be given regarding revising the budget books to only include items that are wanted by the legislature. Linda Luebbering responded that some forms are required by statute but they can check into the possibility of such.

FMAC Sub-Committee:

As previously discussed at the last FMAC meeting and via email from Jayne Masek dated 05/14/09, it was determined there was a need for a sub-committee that would discuss issues/direction of FMAC. It was felt the mission and vision needed to also be addressed. In addition, by-laws or records of who the voting members are have not been located and will need to be addressed as well.

Diane Riddle reported the following have agreed to serve on a sub-committee:

- Carol Willhite
- Renee Godsey
- Sherry Hess
- Andrea Beck
- Mike Hancock
- Debbie Rickard
- Theresa McDonald
- Jayne Masek
- Diane Riddle

**Next Meeting:**

Wednesday, September 2, 2009

8:30 a.m. – 10:00 a.m.

Room 500 Harry S. Truman Office Building